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CHAIRPERSON JAMES:

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Any other old business for the

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Commission?

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I think we do have our, I think I skipped

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over our research report from our research director

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under old business.

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Dr. Kelly.

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DR. KELLY: Thank you, Madam Chair,

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Commissioners.

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I just handed out a couple of minutes ago a

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few documents for you to take a look at. I'm just

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going to walk us through them briefly right now. And

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then they can be added to your Tab 9, the research tab,

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together with the report that was also generated by the

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Research Subcommittee.

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And basically what I'm trying to do is just

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basically supplement the information and data that have

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been provided by the Research Subcommittee and they

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will be provided.

1 So if I could just briefly walk through
2 this. What you have is the report itself, and then, I
3 have just a two page progress report that came in from
4 the NRC, the National Research Council, that I thought
5 you'd be interested in. That's the next document.
6 Behind that is a list of members that they have chosen
7 to constitute the committee to do our work. And behind
8 that is an unrelated document, a one pager, that was
9 requested last time. That is just a clarification or a
10 definition of the terms that we're using when we talk
11 about pathological or disordered gambling.

12 With that, let me note then that the
13 national survey, economic research, and lottery
14 research is being covered by the Research Subcommittee.
15 So I won't go into that.

16 A brief word on where we are on the
17 National Research Council. The NRC has completed the
18 membership of the committee that will guide the
19 research for the NGISC. And the membership list is
20 attached as I just noted.

1 I want to call your attention to the fact
2 that the first committee meeting is scheduled for April
3 9, 1998 at the National Academy of Sciences, they're in
4 Washington, D.C. And call to your attention the fact
5 that the meeting is certainly open for yourselves or
6 your staff if you are interested. If you are
7 interested in attending, please just contact me or
8 someone else at the office and we'll be sure to link
9 you up with the time and place to be.

10 Secondly, where are we with ACIR, The
11 Advisory Commission on Intergovernmental Relations.
12 The Research Subcommittee has decided not to move ahead
13 at this time with the \$475,000 proposal that you
14 reviewed last time from ACIR. So instead, Commission
15 staff have been asked to solicit competitive proposals
16 from other research organizations in order to evaluate
17 the reasonableness of the ACIR proposal.

18 ACIR, aware of our feelings about it, and
19 the hesitancy to move ahead with their current
20 proposal, intends to seek Congressional permission to

1 seek other contracts. Currently, as it is explained to
2 me by the Executive Director of ACIR, the NGISC project
3 is the only one that they're allowed to pursue, that is
4 why their cost is so high. They basically are passing
5 on to us in their proposal a hundred percent of their
6 overhead costs regardless of the scope of the work that
7 we're requiring. If however, Congress were to permit
8 them to move ahead with other projects, and to move
9 toward self- sufficiency, then they state, Mr. Gifford
10 states, that they would likely be able to re-bid the
11 work in the range of \$250,000. So they're pursuing
12 that, even as we speak and we will certainly be in
13 touch with you once we hear from them one way or the
14 other.

15 COMMISSIONER LANNI: Madam Chair?

16 CHAIRPERSON JAMES: Commissioner Lanni.

17 COMMISSIONER LANNI: I have a question.
18 Under Section 7, Tim, the National Gambling Impact
19 Study Commission Act, I read that as we are required to
20 enter into an agreement with the Advisory Commission on

1 Intergovernmental Relations. I don't think it's an
2 option. So what threat do we, so what support do we
3 have for any threat that we want to make?

4 DR. KELLY: Well, of course we're not
5 dealing in threats at this point in time. We're just
6 dealing with a hesitancy to sign a contract for
7 \$475,000. So my hope is that out of this might come a
8 more reasonable proposal from ACIR.

9 COMMISSIONER LANNI: But isn't your hope
10 for more reasonable proposal based upon them getting
11 other contracts?

12 DR. KELLY: Yes.

13 COMMISSIONER LANNI: And if they're
14 unsuccessful, what choice do we have is my questions?

15 DR. KELLY: If they're unsuccessful then
16 we're back where we are today.

17 COMMISSIONER LANNI: Which means we have no
18 choice?

19 DR. KELLY: Well, I'm not sure of that.

20 COMMISSIONER LANNI: Okay.

1 MR. TERWILLIGER: If you'd like, I looked
2 at this because it was raised as an issue. The statute
3 requires the Commission to enter into a contract with
4 ACIR. And obviously a contract requires a meeting of
5 the minds and some agreement. If for some reason
6 there, we should just be unable to agree, I'm not sure
7 what happens to the work. I haven't carried it that
8 far in terms of that they are specifically earmarked to
9 do that task. But I don't think Congress can or
10 intended to sort of dictate the terms of a contract by
11 saying that this work shall be done.

12 And I think what the Commission staff has
13 done, Commissioner Lanni, in terms of approaching this
14 is if I heard what Dr. Kelly just said, he would get
15 competing proposals in order to evaluate the
16 reasonableness of their proposal. I don't think anyone
17 could ask more of the Commission than to take those
18 steps which may be designed to reach a reasonable offer
19 in a meeting of the minds.

1 COMMISSIONER LANNI: I'm not opposed to
2 develop the logic of that. I would just like to be
3 sure that we are traveling within the limits of the
4 law. So if that is your interpretation, as one
5 Commissioner, I'd appreciate that being entered into
6 the record at such point as you can render such an
7 opinion.

8 MR. TERWILLIGER: Okay.

9 COMMISSIONER LOESCHER: Madam Chairman?

10 CHAIRPERSON JAMES: Commissioner Loescher.

11 COMMISSIONER LOESCHER: Another approach
12 and I of course commented at an earlier meeting about
13 the idea of going back to Congress, we did get some
14 money from them, but also it's not beyond us to go back
15 and ask them about their direction. I honestly feel on
16 this issue, you know, these folks are dragging us out
17 and costing us money and you know, we ought to get on
18 with our business here.

19 And I would like to ask the Chair to
20 consider having herself and counsel go to the

1 authorizing committee and the sponsors of this
2 legislation and seeing if we couldn't get a waiver of
3 this provision. Or if necessary a resolution or an
4 amendment to get out of this requirement. It doesn't
5 make any sense they way we're doing this.

6 So, my attitude is, I know Senator Stevens
7 I can go and ask him to fix it.

8 CHAIRPERSON JAMES: It may be a little
9 premature for that. I'd like to see a good faith
10 effort as we continue to negotiate with ACIR if we can
11 come to some conclusion. If we reach an impasse, then
12 we will consider some other options at that point in
13 time.

14 You know, I find it difficult to believe
15 that Congress intended that we have a contract with
16 ACIR at whatever price they decide. And so it is
17 important for us to do our due diligence to figure out
18 what is reasonable and to be involved in a good faith
19 negotiation effort at this point in time. And I'm not
20 prepared at this point to say that we've reached an

1 impasse and it just can't be done. If that should
2 happen then we, I think, legitimately need to ask the
3 question what are the legal implications of our not
4 being able to enter into a contract with ACIR and what
5 was the intent of Congress and perhaps go back.

6 Commissioner Lanni.

7 COMMISSIONER LANNI: One other question may
8 be, Tim, as far as the issue of pricing I understand,
9 and I understand what the Chair just said, and I
10 certainly support that approach. I think that a number
11 of us were under-whelmed at best, with the presentation
12 by that particular entity. Do we have any further
13 belief that there is quality beyond the presentation
14 from your committee's standpoint?

15 DR. KELLY: Maybe the best way to answer
16 that is that your being under-whelmed is
17 understandable. I think we all were. It's important
18 to keep in mind that the ACIR at this point is
19 constituted by just a skeleton staff of administrators.
20 Basically what they would do is subcontract for the

1 research that we would require. So they do not have
2 researchers on the staff who would do the direct
3 research for us, it would be more or less a pass
4 through.

5 COMMISSIONER LANNI: And would we have any
6 influence, involvement in that subcontracting as far as
7 selection process?

8 DR. KELLY: Oh yes.

9 COMMISSIONER LANNI: Thank you.

10 CHAIRPERSON JAMES: But of course it raises
11 the question if they're going to subcontract why can't
12 we. Save the taxpayers some money. We do care about
13 that.

14 COMMISSIONER LOESCHER: Madam Chairman,
15 just one other suggestion. On this issue, the
16 statutory requirement to research laws, regulations and
17 ordinances, I was in receipt of a book earlier last
18 year, a book that was prepared by the National
19 Association of Attorney Generals and that's a good
20 place to start. They already have this work already

1 done. And it's a matter of just looking at what isn't
2 there, and determining what needs to be added and
3 sought after. But I would make a suggestion to staff
4 and to the Chair that that's a good alternative on this
5 subject.

6 CHAIRPERSON JAMES: Thank you. Anything
7 commissioner, Dr. Kelly?

8 DR. KELLY: Yes, I used to be a
9 Commissioner.

10 CHAIRPERSON JAMES: You used to be a
11 Commissioner.

12 DR. KELLY: Yes, just quickly on the
13 Internet gambling. Just to call your attention to the
14 fact that we are working on basically pulling together
15 some background research and a white paper. White
16 paper in terms of a just a brief review of the
17 background and a focus on research and policy related
18 questions that we might want to ask, as regards to
19 Internet gambling, very much along the lines of what
20 Doug presented today. We're going to try to do that

1 for all the major topic areas that we hit. So that's
2 in the pipeline right now.

3 And also the Research Subcommittee is
4 working to identify a premiere researcher in this area
5 of Internet gambling, with whom we may want to contract
6 for a brief synthetic review of the research
7 literature.

8 COMMISSIONER LEONE: Can I ask Tim, did you
9 get a copy of the American Political Science
10 Association annals from Arch?

11 DR. KELLY: Yes.

12 COMMISSIONER LEONE: Are we going to make
13 those available to the members of the Commission?

14 DR. KELLY: Yes, we will be glad to.

15 CHAIRPERSON JAMES: I thanked you this
16 morning in your absence for having brought that to our
17 attention. And notified the Commission that the staff
18 has ordered a copy for each of the Commissioners.

1 COMMISSIONER LEONE: Now there are several,
2 well the articles are not bad. I've never heard of the
3 people, but they may be leads for us.

4 DR. KELLY: I have one final thing, Madam
5 Chair. I had originally attempted to work up a working
6 budget for at least the research component. I was
7 unable to do that successfully. But I would like to
8 report on where we are with the co-funding.

9 We're basically in negotiations now with
10 the National Institute of Mental Health and with the
11 Treasury Department and with National Institute of Drug
12 Abuse, NIDA, each of them are interested in
13 collaborating with us for some component of the
14 research that we would already be doing. It's not that
15 they would require us to do new things, they would just
16 want to be sure that the data element that we would
17 generate would be specifically what they would need.
18 And that should not be a problem.

19 The sum total of those three will probably
20 be around \$250,000, so that will be a tremendous help.

1 And we will of course give you a final report once
2 that's nailed.

3 That ends my report.

4 CHAIRPERSON JAMES: Thank you. Any
5 questions for Dr. Kelly before he leaves?

6 Thank you, Dr. Kelly.